

Table 1: Informal Economy: Iraq—Country Group Governance/Economic Freedom Comparisons

	Voice	Political Stability	Government Effectiveness	Regulatory Quality	Rule Law	Control of Corruption
<u>Large Informal Economy (> 20% Gross National Product – 79 countries)</u>						
Mean	-0.068	-0.153	-0.180	0.003	-0.201	-0.262
Iraq	-1.788	-2.601	-1.684	-3.009	-1.583	-1.315
<u>Low Informal Economy (< 20% Gross National Product – 29 countries)</u>						
Mean	0.628	0.857	1.140	0.873	1.183	1.185
	Trade Policy	Fiscal Burden	Government Intervention	Monetary Policy	Foreign Investment	
<u>Large Informal Economy (> 20% Gross National Product – 79 countries)</u>						
Mean	3.585	3.403	2.668	3.330	2.753	
Iraq	5.000	5.000	5.000	5.000	5.000	
<u>Low Informal Economy (< 20% Gross National Product – 29 countries)</u>						
Mean	2.526	3.692	2.689	1.789	2.375	
	Banking & Finance	Wages & Prices	Property Rights	Regulation	Informal Market	
<u>Large Informal Economy (> 20% Gross National Product – 79 countries)</u>						
Mean	3.019	2.763	3.117	3.524	3.700	
Iraq	5.000	5.000	5.000	4.000	5.000	
<u>Low Informal Economy (< 20% Gross National Product – 29 countries)</u>						
Mean	2.365	2.383	1.860	2.713	2.145	

Notes: Governance: Average of values for 1996, 1998.

Original Source: Compiled from: Daniel Kaufmann, Aart Kraay and Massimo Mastruzzi, Governance Matters III: Governance Indicators for 1996-2002, (Washington: World Bank, June 30, 2003). Economic Freedom: Average values 1996-1999. Source Index of Economic Freedom Rankings, (Washington: Heritage Foundation), various issues). Country groupings set on the basis of the informal economy accounting for greater and less than 20% of Gross National Product. Informal economy figures compiled from: Friedrich Schneider, "Size and Measurement of the Informal Economy in 110 Countries Around the World," (Washington: World Bank, July 2002).

Source: Robert Looney, "Corruption's Reflection: Iraq's Shadow Economy," Strategic Insights, Volume IV, Issue 3 (March 2005), www.ccc.navy.mil/si/2005/mar/looneyMar05.asp.